

INSTRUCTIONS
For Preparation of the

2007-2009
BIENNIAL
BUDGET REQUEST



STATE AGENCIES

DEPARTMENT OF FINANCE & ADMINISTRATION
OFFICE OF BUDGET

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ALL FORMS ARE AVAILABLE ON THE DFA - OFFICE OF BUDGET WEB SITE

http://www.arkansas.gov/dfa/budget/budget_index.html




STATE OF ARKANSAS
OFFICE OF THE GOVERNOR
State Capitol
Little Rock 72201

Mike Huckabee
Governor

MEMORANDUM

TO: All State Agency Directors

FROM: Governor Mike Huckabee 

DATE: May 15, 2006

SUBJECT: Executive Policy Statement for Preparation of the 2007-2009
Biennial Budget Request

Each agency has developed its annual operations plan for the 2007 fiscal year. We must now prepare the budget requests for the 2007-2009 biennium.

The general revenue forecast for the current fiscal year has spending at \$3,825.1 million and funds all allocations of the Revenue Stabilization Law. The official forecast of net general revenue for the 2007 fiscal year is \$4,058.6 million, which also funds all allocations. Early predictions for the next biennium reflect growth at three percent or less. It is very likely that any growth we have for the 2007-2009 Biennial Budget, will not be sufficient to meet all anticipated needs. Reductions in Federal funding continue to stress our ability to maintain services in many areas.

Laws passed during the most recent special session on education continue a dramatic shift in state general revenue going to K-12 education. The so-called "doomsday" funding priority for public education remains on the books with the potential to reduce funding for other programs. As is typically the case, demands on the state budget will exceed available resources and require very difficult decisions to be made on agency requests. Additionally, with a gubernatorial election in the Fall, requests will in all probability be reviewed by the new governor as well.

As you prepare budgets for the 2007-2009 biennium, I am asking that you prepare base level budgets only. While I realize the robust numbers for revenue make it tempting to consider expansion or launch of programs, I hope that we will instead seek to shrink government and not grow it. Let's look for ways to operate more efficiently instead of more expensively. Requests for additional funds should be made only under dire circumstance with an immediate impact on the health and safety of citizens. With regard to payplan increases for state employees, the DFA – Office of Personnel Management and the Bureau of Legislative Research staff are working very hard to complete the Classification Study commissioned by the Legislature last Session. The Study results should establish appropriate market related salary levels for all state employees for

the next biennium. Depending on how the Legislature addresses the Study's findings, a decision on the need for a COLA or other personnel adjustments can be made later in the budget process. I may provide further instructions on this matter at a later date through the DFA – Office of Budget and the DFA – Office of Personnel Management.

Please keep the following in mind as you prepare your budget requests:

- Pay close attention to your budget for information technology and the resources needed to address them. I have asked the Executive Chief Information Officer (ECIO) to work with you as we develop and implement the state's technology plan. I need your cooperation in this endeavor as I continue moving the state towards the benefits of e.government.
- Identify programs in your agencies that are good candidates for elimination. Ask yourself, "If I knew all the state taxes I pay were going straight into this program's budget, would I feel like I was getting my money's worth?" A program can be eliminated if its services are no longer needed, if the funding level is so low as to be ineffective or if existing programs already meet the need. Seek better ways of addressing needs particularly where you can work with other state agencies to more efficiently administer a program.
- Finance new initiatives or mandates through internal reallocation of resources. We must use what we have more efficiently, not ask for more money. Taxpayers are burdened enough.
- Again, once we know what effect the Classification Study will have on state employee salaries, I may provide instructions regarding a COLA at a later date. Until the results of the Classification Study are known, it is unnecessary for your requests to include position reclassifications or upgrade requests. Should there be an absolutely critical need for new positions, they must be requested under the current classification system.
- Those agencies with programs funded from the Education Excellence Trust Fund and the Workforce 2000 Development Fund should be aware that I will continue to endorse the integrity of these funds in the budget presented to the Legislature in the fall. Growth in the Educational Excellence Fund should fall in the range mentioned above. Growth in the Workforce 2000 Development has unfortunately been trending downward in recent years. Budget requests should be made accordingly.

State Agency Directors

May 15, 2006

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- Estimates of available construction funding will continue to outstrip the available funds. Significant mandatory debt obligations must continue to be funded from the General Improvement Fund. Our priorities should be maintaining and repairing what we have rather than embarking on new construction.

It is critically important that we present well-reasoned and supportable budget requests to the General Assembly this Fall. I hope each of you will be meticulous and timely in submitting your budget requests. Developing the state budget is an extremely complex undertaking. The deadlines must be met so that we can organize and pursue support of our overall program during the 86th General Assembly.

MH:fms:lh

BUDGET CALENDAR 2007-2009 BIENNIUM DUE DATES

BUDGET PREPARATION

2006

FY07 Annual Operations Plan	May 12
Distribute Biennial Budget Instructions Packet and Special Language	May 15
Initial Budget Reports with "Base Level" Available	June 9
All Change Level Requests	July 10

AGENCY NARRATIVES / FORMS

History & Organization Narrative	July 10
Agency Program Commentary	July 10
Special Language Request	July 10
Cash Fund Balance Description	July 10
State Publications Listings	July 10
Change in Fee Schedule	July 10
Certification of Income	July 10
Employment Summary Report	Sept. 4

CAPITAL PROJECTS REQUESTS

Instructions and Forms Distributed	June 12
Requests from Agencies	Oct. 2

HEARINGS SCHEDULE

Executive	Aug./Sept.
Legislative	Oct./Nov.

In accordance with the Executive Policy Statement, **no new positions should be requested unless a critical situation can be documented and only after sufficient justification is provided to confirm that an internal reallocation of resources would not provide for the new positions. Pending the results of the Classification and Compensation Study, ONLY requests for additional positions will be addressed at this time.**

DFA - Office of Personnel Management (OPM) will not send biennial instructions to agencies. New positions should be requested on OPM - Form D (see example page 33). This form will be available on the DFA - Office of Budget website. For all new position requests that require a new job, the Position Classification Questionnaire (PCQ) should be completed and forwarded to the DFA - Office of Budget. The budget analyst assigned to assist the agency will forward the job questionnaire to the appropriate OPM Analyst. The DFA - Office of Budget will enter all new position requests into PBAS.

BUDGET FORMS DESCRIPTIONS FOR THE 2007-2009 BIENNIUM

AGENCY ENABLING LAWS, HISTORY AND ORGANIZATION & ORGANIZATIONAL CHART	Prepared by state agencies, boards and commissions. Includes current appropriation act(s) and citation of various laws that authorize the Agency's activities, mission statement(s), history and organizational structure, and describes the scope, function and public benefit derived.
AGENCY COMMENTARY	Prepared by the agency explaining the budget request for the entire agency.
AUDIT FINDINGS (PERFORMANCE OR FINANCIAL)	Prepared by the Division of Legislative Audit based upon findings reflected in the most recent Performance and/or Financial Audit.
EMPLOYMENT SUMMARY	Prepared by the DFA - Office of Personnel Management and verified by the agency or department to summarize the current (2005-2006) employment classifications pursuant to A.C.A §19-4-307.
CASH FUND BALANCE DESCRIPTION AS OF JUNE 30, 2006	Prepared by the agency giving an accurate account of fund balance amounts, holding locations, statutory restrictions and provisions, necessity for and planned expenditures of cash fund balances.
AGENCY INFORMATION TECHNOLOGY PLAN NON-COMPLIANCE	Office of Information Technology will provide DFA - Office of Budget with a list of agencies not in compliance with A.C.A. §25-4-110. (A notation will be placed in the budget manual, see Page 24.)
PUBLICATIONS	Prepared by the agency providing a list of publications required by law. (A.C.A. §25-1-204)
CHANGE IN FEE SCHEDULE	Prepared by any agency requesting a change in a fee(s) levied for the support of agency.

DEPARTMENT APPROPRIATION SUMMARY	Prepared by the DFA – Office of Budget and serves as a summary document with all the appropriations presented in the biennial budget manual for the agency including the Executive Recommendation.
AGENCY POSITION USAGE REPORT	Prepared by the DFA – Office of Budget and reflects the number of authorized, budgeted (filled and unfilled), unbudgeted positions and % of authorized positions used for FY2005, 2006 and 2007 by the agency.
ANALYSIS OF BUDGET REQUEST	Prepared by the DFA - Office of Budget and explains the agency request and the Executive Recommendation for each appropriation.
APPROPRIATION SUMMARY	A series of forms that reflect financial data by appropriation for Historical (2005-2006 actual expenditures and 2006-2007 budgeted), the Agency Request for Fiscal Years 2007-2008 and 2008-2009, and the Executive Recommendation for both request years.
CHANGE LEVEL JUSTIFICATION	Reflects both financial data and justification for increases and/or decreases requested by the agency from the 2007-2009 Base Level with the relative importance of each request.
PERSONAL SERVICES SUMMARY FOR POSITION/CLASSIFICATION REQUESTS	Reflects detail of all positions requested by the agency and recommended by the Executive with separate reports for Current Positions, New Positions, Unclassified Positions and Classification requests.
COMMITMENT ITEM DETAIL	Reflects detail financial data relating to the request made by the agency for Operating Expenses (02), Conference and Travel Expenses (09), Professional Fees (10), Capital Outlay (11) and Data Processing (12).
SPECIAL LANGUAGE REQUEST FORM	Reflects requests for continuation or changes to language contained in the 2005 Appropriation Acts and the Executive Recommendation on the changes. Also reflects new language requested by the agency and the Executive Recommendation. Language is presented in marked-up format.

GENERAL INFORMATION

This instruction packet addresses significant aspects of the budget process for the 2007-2009 biennium. All agencies will utilize the Planning Budgeting and Accountability System (PBAS) to prepare their biennial budget request. Beginning with the 2007-2009 biennium, AASIS user agencies will be allowed access to the system for preparation of their biennial budget request.

This informational packet includes a calendar, instructions and examples of the various forms agencies will need to complete their biennial budget request. **Please review this packet carefully, especially the budget calendar which outlines the specific dates agencies are required to submit information to the DFA - Office of Budget. It is imperative that the deadlines be met if your request is to be ready for the Executive and Legislative phases of the process.**

If you need additional information or require assistance, please contact the Budget Analyst assigned to your agency at 682-1941.

BASE LEVEL / CHANGE LEVEL REQUESTS

The projection of the FY07 Annual Operations Plan into the next biennium is referred to as "BASE LEVEL." All operating Commitment Items except Capital Outlay will be carried forward at the FY07 budgeted amount. Capital Outlay items must be requested on an item-by-item basis. Lease purchases budgeted as Capital Outlay **will** be carried forward in the Base Level.

The designation used in the 2007-2009 biennial budget process to reflect any increases or decreases to Base Level is referred to as a Change Level. As in the past, you can continue to group both position and line item needs together in the same Change Level to show total program costs, or request Change Levels in any logical fashion desired to justify changes in your budget.

The Executive Policy Statement asks that agencies prepare base level budgets. Requests for additional resources should be made only under dire circumstance where there is an immediate impact on the health and safety of the citizens of Arkansas.

Change Levels also accommodate negative changes to reflect internal reallocation of resources needed to perform new programs within existing funding as stipulated in the Executive Policy Statement.

Change Level designations for the 2007-2009 biennium are as follows:

- ⇒ **Change Level 1 (C01)** - Change to existing programs (includes new/restored positions)

- ⇒ **Change Level 2 (C02)** - New Programs (includes new/restored positions)
- ⇒ **Change Level 3 (C03)** - Discontinue a program (results in a reduction from base level)
- ⇒ **Change Level 4 (C04)** - Will not be used at this time
- ⇒ **Change Level 5 (C05)** - Unfunded Appropriation
- ⇒ **Change Level 6 (C06)** - Supplemental Positions or MFG Positions and supporting operations
- ⇒ **Change Level 7 (C07)** - Transfers a program or positions to/from an agency (results in a negative change level in the source agency and a positive change level in the receiving agency)
- ⇒ **Change Level 8 (C08)** - Technology Needs including positions and supporting operations

Important: It is critical that agencies use the C08 designation for all technology-related requests. Such requests must be consistent with the agency Information Technology Plan filed with the Office of Information Technology.

ATTENTION

With the exception of C12, the following personnel-related Change Levels are suspended until the results of the Classification and Compensation Study are known.

- ⇒ **Change Level 9 (C09)** - Career Ladder Incentive Program (CLIP) Reclassification Requests
- ⇒ **Change Level 10 (C10)** - Regular Reclassification Requests
- ⇒ **Change Level 11 (C11)** - Upgrade/Downgrade Requests
- ⇒ **Change Level 12 (C12)** - Authorized Positions not Requested (should reflect positions not budgeted in agency's FY07 AOP)
- ⇒ **Change Level 13 (C13)** - Position not Recommended (OPM only)
- ⇒ **Change Level 14 (C14)** - Position Title Change
- ⇒ **Change Level 15 (C15)** - Extraordinary Salary Increase Request

Starting with this biennial budget cycle, AASIS user agencies will be allowed access to PBAS to perform data entry functions for non-position related Change Level requests. Service Bureau agencies will coordinate all data entry with their assigned analyst in the DFA - Office of Budget using the Non-Personnel Cost Elements form (see example page 34).

BASE LEVEL SALARIES / MATCHING

These instructions are suspended until the results of the Classification and Compensation Study are known. Further instructions will be provided by the Governor through the DFA – Office of Budget and the DFA – Office of Personnel Management at a later date.

As stated in the Executive Policy Statement, until it is known what effect the Classification and Compensation Study will have on state employee salaries, a COLA or other personnel adjustments (position reclassifications or upgrades) **will not** be addressed at this time. Depending on how the Legislature addresses the Study's findings, further instructions may be provided on this matter at a later date through the DFA – Office of Budget and the DFA – Office of Personnel Management.

All salary projections are based on information particular to incumbent employees as extracted from the AASIS HR module files as of March 27, 2006 and reflect adjustments made during the FY07 annual budget process. Budgeted vacant positions will be carried into the next biennium at the Band 1 starting salary for the grade of the position. If a position was budgeted below Band 1, the system will automatically bring the salary for that position up to the Band 1 amount.

The number of positions budgeted for the 2007 fiscal year for your agency represents the maximum number of positions that can be budgeted in the Base Level.

POSITION DETAIL

In accordance with the Executive Policy Statement, **no new positions should be requested unless a critical situation can be documented and only after sufficient justification is provided to confirm that an internal reallocation of resources would not provide for the new positions.** Pending the results of the Classification and Compensation Study, **ONLY** requests for additional positions will be addressed at this time.

ATTENTION

DFA - Office of Personnel Management (OPM) will not send biennial instructions to agencies. New positions should be requested on OPM - Form D (see example page 33). This form will be available on the DFA - Office of Budget website. For all new position requests that require a new job, the Position Classification Questionnaire (PCQ) should be completed and forwarded to the DFA - Office of Budget. The budget analyst assigned to assist the agency will forward the PCQ to the appropriate OPM Analyst. The DFA - Office of Budget will enter all new position requests into PBAS. A blank PCQ form can be accessed from the DFA – Office of Personnel Management website using the following link:

http://www.arkansas.gov/dfa/personnel_mgmt/documents/stateagenciesquestionnaire.doc

⇒ **Miscellaneous Federal Grant Positions**

Although Miscellaneous Federal Grant positions no longer have a unique numbering system, these positions can be identified on AASIS through transaction PA20. A listing of these positions for each Business Area (Agency) will be provided with the initial Base Level reports on June 9, 2006. These positions have been automatically loaded as C06 to begin the biennial process.

Do **NOT** request new positions to replace those previously established by a Miscellaneous Federal Grant. **The existing positions established through the MFG process will be reflected as Change Level C06.** This includes additional MFG position requests submitted with the FY07 Annual Operations Plan for authorization beginning on July 1, 2006 or later. **New federal grant positions and supporting operations that are anticipated for the upcoming biennium should also be requested in a C06.** The amount of appropriation provided for utilization during the interim Miscellaneous Federal Grant process is limited. Agencies should insure that sufficient, but justifiable, appropriation has been requested for the next biennium.

⇒ **Supplemental Emergency Positions**

These positions will be handled in a manner similar to MFG positions. A listing of these positions for each Business Area (Agency) will be provided with the initial Base Level reports on June 9, 2006. Do **NOT** request new positions to replace those previously established as Supplemental Emergency positions. **The existing positions established through the process should be requested as a Change Level C06.**

CAREER LADDER INCENTIVE PROGRAM (CLIP)

These instructions are suspended until the results of the Classification and Compensation Study are known. Further instructions will be provided by the Governor through the DFA – Office of Budget and the DFA – Office of Personnel Management at a later date.

A.C.A. 21-5-1101 provides the Career Ladder Incentive Program (CLIP) for state employees. The Career Ladder Incentive Program is defined as “a competency-based pay system which incorporates pay and performance standards and establishes criteria for competency-based promotions and salary adjustments for employees who exhibit effective performance and support the key agency or institution’s goals and objectives.” Detailed information regarding CLIP can be found in the DFA – OPM Biennial Budget instruction packet. It is also suggested that agencies become familiar with the DFA – Office of Personnel Management guidelines for implementing CLIP. Copies may be

obtained by contacting the Office of Personnel Management.

UPGRADE / RECLASSIFICATION REQUESTS

These instructions are suspended until the results of the Classification and Compensation Study are known. Further instructions will be provided by the Governor through the DFA – Office of Budget and the DFA – Office of Personnel Management at a later date.

While the process accommodates upgrade and/or reclassification requests, the Executive Policy Statement strongly discourages such requests, particularly in light of the CLIP program. Biennial salary and matching projections for reclassification and upgrade requests include the appropriate percentage increase. The DFA - Office of Personnel Management will coordinate the position reclassification and upgrade request process and provide separate instructions to include forms for submitting requests.

CROSSGRADES / DOWNGRADES

These instructions are suspended until the results of the Classification and Compensation Study are known. Further instructions will be provided by the Governor through the DFA – Office of Budget and the DFA – Office of Personnel Management at a later date.

All positions are shown at the authorized classification even though the position may have been crossgraded or downgraded. Changes from the authorized level will only be made **by exception**. Agencies may request that crossgrades or downgrades be retained at the lower level.

PROFESSIONAL CONSULTING SERVICES CONTRACTS

A.C.A. §19-11-203(27) and §19-11-1001(5) et. seq., define two types of “services” as they relate to Professional Consulting Services Contracts. The following clarifications have been provided by the DFA-Office of State Procurement to assist agencies in making a determination as to the type of service and method of procurement.

Technical and General Services involve services provided by individuals where performance is evaluated based upon the quality of the work and results produced. Special skills or extensive training is not required. Examples include janitorial service, guard service, transport service, actuary service, certain repair services, lawn care services, Nursing services or waste disposal services. **Expenditure of appropriation for these services would be from Operating Expense (502:00:02).**

Professional and Consultant Services involve services provided by members of a recognized profession and generally include advice, counsel or direct assistance. The Agency has no direct managerial control over the day-to-day activities of the contractor providing the service. Examples include attorneys, architects, accountants, engineers,

physicians and technology experts. **Expenditure of appropriation for these services would be from Professional Fees & Services (506:00:10).**

DATA PROCESSING

A.C.A. §19-4-522(5) defines Data Processing (509:00:12) expenditures as “the purchase of data processing services from the Department of Computer Services, or others, and other expenses that are not necessarily classified elsewhere in this section by virtue of the appropriation based upon budgets presented for consideration.” Generally, this would include batch processing or services of a technical nature performed by a provider on behalf of an agency. This would also include programming services that do not lead to a complete software package. The subclassification Data Processing **should not** be used for the purchase of computer hardware or software. Items of this nature valued at greater than \$2,500 should be purchased from Capital Outlay (512:00:11); items valued at \$2,500 or less should be purchased from Operating Expenses (502:00:02).

EXCEPTION FOR VEHICLE REQUESTS

A.C.A. §22-8-201 et. seq., prohibits agencies from requesting the purchase of vehicles from appropriations funded from General Revenues. For all other appropriations, agencies are allowed to submit a Change Level request for vehicles (including sales tax) in the Capital Outlay Commitment Item (512:00:11). The Office of Administrative Services in the Department of Finance and Administration coordinates General Revenue vehicle purchase requests/replacements. Questions regarding this process may be addressed to Mr. Ron Lester in DFA – Office of Administrative Services at 324-9058.

EXECUTIVE/LEGISLATIVE BUDGET HEARINGS

If an Executive hearing is necessary with an Agency, Agency Directors should be prepared to support **all** budget requests. The Agency Request and Executive Recommendation will be presented to the Arkansas Legislative Council/Joint Budget Committee during hearings scheduled to begin in October, 2006.

CAPITAL PROJECTS REQUESTS

Separate instructions will be distributed on June 12, 2006, to state agencies outlining the process for requesting capital improvement projects such as construction, major maintenance, and significant equipment purchases. Discuss any capital improvement requirements with your Budget Analyst so instructions can be sent out as needed. The Executive Policy Statement urges agencies to maintain and repair current facilities instead of embarking on new construction.

DFA – OFFICE OF BUDGET WEBSITE

The DFA – Office of Budget website can be accessed for an electronic version of these instructions. Beginning this biennial budget cycle, AASIS user agencies will be able to key non-position change level requests in PBAS as well as narrative information for the Agency History and Agency Commentary and other forms required to complete the biennial budget request. The website may also provide additional information regarding the budget process on occasion.

Agencies that do not have system access to PBAS (i.e. Service Bureau agencies) will coordinate entry of their biennial budget request with the budget analyst assigned to assist the agency. Forms required for completion of the budget request can be found on the website. The DFA - Office of Budget requests that care be taken in the use of the various forms to retain existing formatting such as font, font style, font size, other settings and attributes. The forms are intended for the Agency to just enter relevant data in the appropriate areas. All information will be transferred to PBAS.

http://www.arkansas.gov/dfa/budget/budget_index.html

NARRATIVE INSTRUCTIONS

All agencies are required to prepare two narratives, the **Agency History and Organization and Agency Program Commentary**, to support the 2007-2009 Biennial Budget Request. Agencies with access to PBAS will key these narratives into the system. Agencies without access will submit their narratives on the approved forms and coordinate entry of this information into the system with the budget analyst assigned to assist the agency. All agencies are required to prepare an **Organizational Chart** and submit it to DFA - Office of Budget in electronic format.

AGENCY HISTORY & ORGANIZATION NARRATIVE

The Agency History and Organization narrative is presented in the biennial budget manuals and should include the following information:

- ⇒ **Enabling Laws** includes the current appropriation act(s) as well as citations of the various laws that authorize the agency's activities. This information will be loaded from the previous biennium; agencies will need to update with current appropriation act information and validate/add other enabling laws.
- ⇒ **History and Organization** includes the agency's mission statement as well as a brief discussion of statutory responsibilities, primary activities and affiliation with any oversight and/or advisory Board or Commission. This information will be loaded from the previous biennium; agencies will need to verify the information and make adjustments where needed.
- ⇒ **Organizational Chart** will be loaded from the previous biennium; if changes are needed, the agency will need to resubmit an electronic copy.

AGENCY PROGRAM COMMENTARY

All agencies must prepare an Agency Program Commentary. The Commentary should summarize and explain the major parts of an agency's 2007-2009 Biennial Budget Request. The explanation should clearly and concisely identify changes to programs requested by appropriation and funding source. This document provides decision makers the primary source of narrative information regarding an agency's justification and explanation of the Biennial Budget Request. Agencies with access to PBAS will key this information into the system. Those agencies without access must submit the narrative as a Word document so the information can be easily transferred to PBAS.

In the past, the Agency Director's signature in the "Director" block signified acknowledgement and approval of the Agency's Biennial Budget Request. The Agency Director will need to submit a letter indicating knowledge and approval of the final biennial budget request.

CHANGE LEVEL JUSTIFICATION BY APPROPRIATION

The Change Level Justification by Appropriation report will detail changes over base level by appropriation and funding sources. Agencies are required to provide justification for all Change Level requests. All narratives should be complete and concise. Base Level does not require a narrative. Each Change Level designation in PBAS represents a specific request and although budget requests will be at the cost center level, this report will summarize change levels by appropriation and funding sources.

DFA – OFFICE OF CHILD SUPPORT ENFORCEMENT

ENABLING LAWS

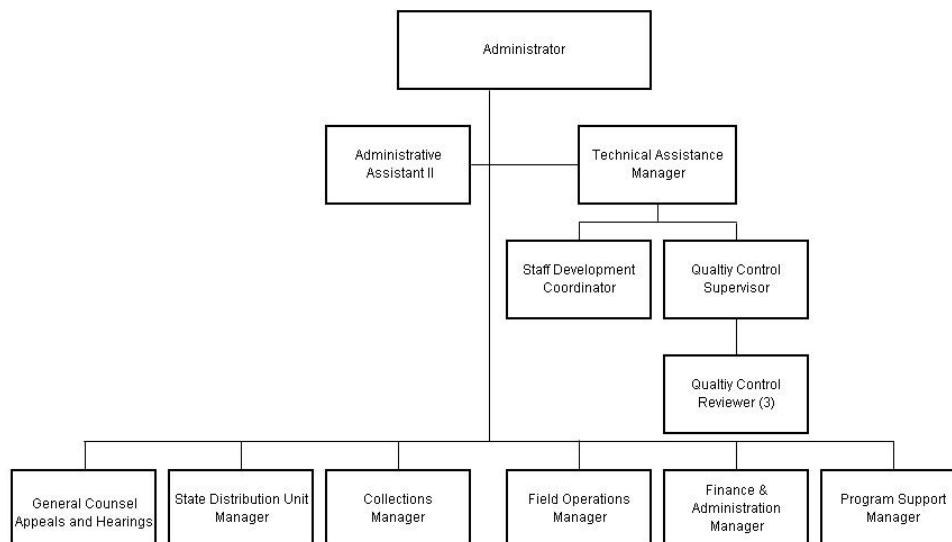
Act 1841 of 2005
AR Code §25-8-107

HISTORY AND ORGANIZATION

In 1975 the Social Security Act was amended by Congress to add part IV-D that established the Child Support Program. In order to receive federal funds for the Aid to Families with Dependent Children (AFDC) Program, each state had to establish and operate a child support program. The Arkansas program began in 1977. The mission of the program is to provide assistance to children and families in obtaining financial and medical support due them by requiring parents absent from the home to assume responsibility for the social and economic well-being of their children.

The program is responsible for locating parents, establishing paternity and orders for child and medical support, collecting and disbursing the support owed and bringing enforcement action when payments are not made. Workers assigned to the agency provide investigative and legal services on cases assigned to the agency, and provide the administrative and managerial support necessary for the organization to properly function. There are approximately 187,000 cases assigned. The cases originate in part from Transitional Employment Assistance (TEA), Medicaid and Foster Care cases referred by the Department of Human Services. During the 2001 - 2003 Biennium, the Office of Child Support Enforcement absorbed the Non-IV-D Wage Withholding cases, approximately 35,000 cases, from the County Clerks Offices around the State. Other cases are established as a result of citizens applying for service. The eligibility criteria for these cases require the custodian to have a minor child in his or her care. The program is authorized for 887 positions.

The Office of Child Support Enforcement (OCSE) is located within the Division of Revenue of the Department of Finance and Administration.



AGENCY COMMENTARY

The Arkansas Office of Child Support Enforcement is responsible for locating absent parents, establishing paternity, establishing orders for child support, collecting, distributing the funds collected to the appropriate case and disbursing the child support funds, and enforcing payment of support orders. Funding for this appropriation consists of a combination of Federal reimbursement, fees for collection services, and the State Central Services Fund. Total Base Level for the agency is \$55,615,441 in FY08 and \$56,304,030 in FY09, with 887 positions authorized for each year. Base level includes a graduated payplan increase each year over FY07 Budgeted Levels, with a corresponding increase in matching amounts.

The agency seeks to restore 40 positions, currently authorized but not budgeted due to Personnel Cap Level restrictions. The Office of Child Support Enforcement needs these positions restored to their current authorized level to be able to maintain normal operations. With increased caseloads our number of positions filled continues to climb. Without these positions restored, there would be severe shortages of positions in both the Field Offices and the State Disbursement Unit, which have required more positions due to our increased caseload. The request to restore these 40 positions will be an "appropriation only" request as the positions are currently authorized and covered under existing funding.

The agency also requests to 1) restore \$100,000 of appropriation to our Capital Outlay line item each year. This amount of Capital Outlay is authorized in the current Biennium and is needed in each year of the upcoming Biennium to replace equipment that is beyond repair, equipment that becomes obsolete or equipment that is too expensive to maintain. This request is also "appropriation only" as the current level of funding covers this amount of Capital Outlay in each year of this Biennium and in the Base Level in both years of the upcoming Biennium; 2) the last part of this request is to increase our M&O line item by \$3,000,000 each year of the Biennium and decrease our DP Services Line Item by \$3,000,000 in each year of the Biennium. This part of the request is funding and appropriation "neutral". We make this request due to increased M&O spending with increased caseload and decreased spending in DP Services due to efficiencies covered in our Information Technology Plan for the Biennium.

The Office of Child Support Enforcement requests a reclassification of a Receptionist position (Grade 10) to an Attorney position (Grade 24) in order to better utilize this position. The Receptionist position hasn't been used in some time and the Field Staff is in need of the additional Attorney position to help work with the caseload increase that the Office of Child Support Enforcement has experienced in this Biennium. The request for this reclassification is an "appropriation only" request and will be absorbed into our base funding level in the upcoming Biennium.

DFA – OFFICE OF CHILD SUPPORT ENFORCEMENT

[illegible]

EMPLOYMENT SUMMARY INSTRUCTIONS

A.C.A. §19-4-307 requires each state agency to submit the following information for the pre-session budget hearings conducted by the Legislative Council and Joint Budget Committee:

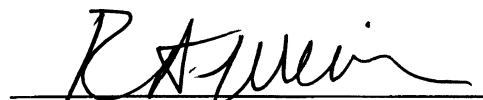
- (1) The total number of persons currently employed;
- (2) The number of white male employees;
- (3) The number of white female employees;
- (4) The total number of white employees;
- (5) The number of black male employees;
- (6) The number of black female employees;
- (7) The number of other employees who are members of racial minorities; and
- (8) The total number of minorities currently employed.

Initial reports will be produced by the Department of Finance and Administration – Office of Personnel Management and distributed to agencies on August 15, 2006. If errors are found, the agency will make corrections to the AASIS Human Resources module and request that the report be rerun. The report with the Director's signature is due to the Department of Finance and Administration – Office of Personnel Management on September 4, 2006.

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM
EMPLOYMENT SUMMARY
Required by: A.C.A. 19-4-307

AGENCY TITLE: 0611 DFA - ALCOH BEV CONTROL DIV

	MALE	FEMALE	TOTAL	PERCENTAGE OF TOTAL
WHITE EMPLOYEES	3	6	9	90%
BLACK EMPLOYEES	0	1	1	10%
EMPLOYEES OF OTHER RACIAL MINORITIES	0	0	0	0%
TOTAL EMPLOYED AS OF 08/11/2004			1	10%
DATE			TOTAL MINORITIES	
			10	100%
			TOTAL EMPLOYEES	


AGENCY DIRECTOR

CASH FUND BALANCE DESCRIPTION FORM INSTRUCTIONS

A Cash Fund Balance Description form is required in the budget manuals presented to the Committee in order to give an accurate account of fund balance amounts, holding locations, statutory restrictions and provisions, necessity and planned expenditures of fund balances for those agencies that have appropriated cash funds held outside of the State Treasury. The accompanying form has been designed to accommodate this information. The form has been designed to hold two separate fund accounts. Use only half the form if you have one appropriated cash fund account, or use multiple forms if you have more than two appropriated cash fund accounts. The following instructions give general guidelines for the completion of this form for every **appropriated** cash fund account **not held in the State Treasury**.

NOTE: Agencies are strongly encouraged to take advantage of A.C.A. §19-3-518(d). These provisions provide for interest bearing funds that were previously held as cash funds in financial institutions other than the State Treasury to be accounted for in the Arkansas Administrative Statewide Information System (AASIS) and to credit interest earned on the account. Contact your Budget Analyst for further information.

AGENCY NAME:

Insert the name of the state agency, followed by the numeric agency code in parentheses.

CASH ACCOUNT BALANCES:

Insert the cash balance on hand June 30, 2006, as related to each type of financial instrument (e.g., the amount in the agency's checking account and/or savings account(s), and the amount held in each certificate of deposit, money market account, etc.).

TYPE:

Insert the type of financial instrument in which the funds are held, such as CHECKING, SAVINGS, CD, MONEY MARKET, etc.

DESCRIPTION:

Insert the name and location of the financial institution in which the instruments are held.

STATUTORY / OTHER RESTRICTIONS ON USE:

List all relevant Code or regulations that would restrict the use of these funds.

STATUTORY PROVISIONS FOR FEES, FINES & PENALTIES:

List all relevant Code citations or regulations that authorize the setting of the agency's fees, fines, and/or penalties collected and deposited into the fund account. Indicate for each fee, fine, and/or penalty if the amount is set by Code or if a board/commission has authority to set the fee, fine and/or penalty. Further, indicate if a maximum amount has been established that may be collected.

BILLING CYCLE EXPLANATION (REVENUE RECEIPTS CYCLE):

Indicate the time frame in which fees, fines and/or penalties are collected by the agency and deposited into the financial institution. Also, explain the investment practices of the agency (i.e., what determines when certificates of deposits or other types of investments are purchased).

EXPLANATION OF FUND BALANCES:

Explain the agency's plans for the utilization of the existing fund balance or the reason that the retention of the fund balance is necessary. Indicate any requirements/procedures for the fund balance to be turned over to a general revenue fund account or any other State Treasury-held fund account.

CASH FUND BALANCE DESCRIPTION
AS OF JUNE 30, 2006

Fund Account	Balance	Type	Location
1300000	\$100,000	Investment	Bank of America
Statutory/Other Restrictions on use:		Fees remitted to State for alcoholic beverage sales permits held until granted or denied.	
Statutory Provisions for Fees, Fines, Penalties:		A.C.A §3-4-101 et seq.	
Revenue Receipts Cycle:		Funds are deposited in bank account as received	
Fund Balance Utilization:		When ABC permit is granted, the fees are remitted to the State Treasury. When permits are denied, half of the fee is remitted to the Treasury and half is returned to the applicant by State Warrant.	

Fund Account	Balance	Type	Location
Statutory/Other Restrictions on use:			
Statutory Provisions for Fees, Fines, Penalties:			
Revenue Receipts Cycle:			
Fund Balance Utilization:			

OFFICE OF THE EXECUTIVE CHIEF INFORMATION OFFICER OFFICE OF INFORMATION TECHNOLOGY

INFORMATION TECHNOLOGY

A.C.A. §25-4-110 mandates that all state departments, boards and commissions submit an Information Technology (IT) Plan to the Office of Information Technology (OIT).

The following section will be added to the budget manuals for each agency that OIT identifies as not having an IT Plan for the 2007-2009 biennium:

Agency Information Technology Plan Non-Compliance with A.C.A. §25-4-110(c)(1)

Office of Information Technology comments:

No FY08/FY09 information technology plan on file for this agency.

Each agency's IT Plan will identify costs associated with ongoing operations as well as ongoing and new projects. Agencies are asked to budget their information technology needs consistent with the required Information Technology Plans prepared for OIT. Biennial budget requests for technology should be consistent with the requirements of OIT to identify Support Costs, Major Applications, GIS Costs and Projects (enhancements as well as development). **New technology requests must be budgeted in Change Level 08.**

For additional information on preparing the IT Plan for the 2007-2009 biennium, please refer to the separate instructions issued by the Office of Information Technology.

<http://www.oit.state.ar.us>

STATE AGENCY PUBLICATIONS FORM INSTRUCTIONS

A.C.A. §25-1-204 requires a reduction in the number of unsolicited publications prepared, published and distributed by state agencies. Each agency (excluding Institutions of Higher Education) must submit with the annual budget request, a list of state publications, which are required by statutory law and provide the reason(s) for continuation and distribution of the required reports.

The State Agency Publications Form has been automated in PBAS. Information from the previous AOP (FY07) has been copied to the biennial system. Agencies with access to PBAS should review the information and make any necessary adjustments in the system. Agencies without access to PBAS will coordinate any necessary adjustments with the budget analyst assigned to assist the agency.

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
Direct Deposit Form and Instructions	N/A	N	N	5,000	Public information and convenience
Employers Guide to Child Support Laws	N/A	N	N	60,000	Keep employers informed as to state law requirements
Financial Institution Data Match Notebook	N/A	N	N	8,000	Keep financial institutions informed as to law, policy and procedures on liens
Give Your Child a Gift that Lasts a Lifetime	20-18-408 (2) (3)	N	N	8,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information
Non-TEA Application Packet	N/A	N	N	15,000	Public information and convenience
OCSE Information Guide	N/A	N	N	5,000	Public information and convenience
OCSE Policy Manual	25-15-203	N	N	100	Staff training and public information
Paternity Acknowledgement Brochure	20-18-408(2)	N	N	20,000	Public information and convenience
Paternity Acknowledgement Form	20-18-408 (2) (3)	N	N	15,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information
Voluntary Paternity Acknowledgement Program of AR	20-18-408 (2) (3)	N	N	15,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information

REQUEST FOR CHANGE IN FEE SCHEDULE INSTRUCTIONS

If the budget request for the 2007-2009 Biennium requires a change to an agency's fee structure, a request must be submitted for consideration. Requests should only be made for those fees and charges established by law.

NOTE: The Executive Recommendation does not reflect a recommendation for fee increases. Agencies are responsible for securing legislative sponsorship for introduction of legislation required to increase fees.

Agencies having system access should complete the Request for Change in Fee Schedule Form in PBAS. An example is included here, and the form is available on the DFA - Office of Budget web site or from the Office of Budget for those agencies without system access. Further, if the requested fee increase will result in additional appropriation or position needs, a budget must be prepared both with the fee increase and without the fee increase. Contact your Budget Analyst for further details. Instructions for completing the form are as follows:

CURRENT FEE STRUCTURE

Description	Describe the fee collected.
Fee Amount	List the amount of each individual fee collected (e.g., cost of a license).
Estimated Receipts	Insert the total estimated collections from all fees in FY07
Authorizing Act or Code Cite	Record the Act or Arkansas Code of 1987 Annotated citation which authorizes the collection of the fee.

PROPOSED CHANGES

Fee Amount	Insert the new proposed amount to be collected for each license or fee.
Estimated Receipts	Record the amount of expected receipts for each fiscal year of the 2007-2009 biennium under the new fee structure.
Reason for Change	Explain and justify the request for the rate adjustment.

Change in Fee Schedule

Description	Fee Amt	Estimated Receipts 2006-07	Authorizing Act or Code Cite	Fee Amt	Estimated Receipts		Reason For Change
					2007-08	2008-09	
Boiler certificate of operation	\$10	\$225,710	20-23-306	\$15	\$338,565	\$338,565	Expenditures are exceeding receipts
Boiler operator license	\$12	\$72,888	20-23-404	\$17	\$102,000	\$102,000	Expenditures are exceeding receipts
Boiler operator examination	\$16	\$9,440	20-23-404	\$25	\$12,500	\$12,500	Expenditures are exceeding receipts

SPECIAL LANGUAGE INSTRUCTIONS

Special Language that provides special authorization or limitations to an agency's fiscal operations is typically found within an agency's appropriation act. A copy of current Special Language found in the 2005 appropriation acts will be provided to the agency.

The Special Language form has been redesigned to reflect current language as well as the agency request in the first column. The agency will request changes to current language in the same "marked-up" format used by the General Assembly in its session bills. The second column will show the Executive Recommendation.

Agencies having system access should complete the Special Language form in PBAS for existing language or new language that may be contemplated to complete an agency's fiscal needs for the 2007-2009 biennium. A blank form is available on the DFA - Office of Budget web site or from the Office of Budget for those agencies without system access. Requests for new language will be shown in the first column and should be underscored in keeping with the "marked-up" format. Text to be deleted ~~must be in strikeout format.~~

An example of marked-up style is attached. Guidelines adopted are as follows:

1. If no change is desired, the language should show no "mark-up" (i.e. exactly as received from the Office of Budget).
2. If the language is to be discontinued, ~~strike through~~ the language in the first column.
3. If a change is desired, underscore the changes/additions and ~~strike through the deletions~~ in the first column.
4. If the language has been codified, insert "LANGUAGE IS CODIFIED IN A.C.A. -----(include actual code cite)" at the top of the first column above the current language.
5. If the language has been codified, but a CHANGE is requested, insert "THIS LANGUAGE IS CODIFIED IN A.C.A. -----(include actual code cite); HOWEVER, THE FOLLOWING CHANGE IS REQUESTED at the top of the first column; Make the requested changes in the first column with NEW LANGUAGE BEING UNDERSCORED and Text to be ~~deleted in strikeout format.~~

All Special Language requests are due to the Office of Budget by July 10, 2006.

2007 – 2009 REQUEST FOR SPECIAL LANGUAGE IN APPROPRIATION ACT

AGENCY: 0634 DFA – Office of Child Support Enforcement

ACT#: 1841

SECTION#: 4

CURRENT SPECIAL LANGUAGE (WITH AGENCY REQUEST)

EXECUTIVE RECOMMENDATION

EXTRA HELP EXEMPTION. Extra Help positions authorized herein are specifically exempt from limitation of hours, either by act or regulation. Provided, however, when a temporary or part-time employee is employed by the Department of Finance and Administration-Revenue Services for a period of time exceeding ~~(7) seven~~ (6) six months, a report of such shall be filed with the Legislative Council. The provisions of this section shall be in effect only from July 1, ~~2005~~ 2007 through June 30, ~~2007~~ 2009.

Example

CERTIFICATION OF INCOME INSTRUCTIONS

For every appropriation requested for the 2007-2009 biennium, funding should be anticipated at a level which will cover each fiscal year of the Biennial Budget Request. Use the following instructions for completing the enclosed form to be returned with the Biennial Budget Request:

Agency	Enter your 4-digit Agency (Business Area) code and title
Appropriation	Enter your 3-digit Appropriation (Funds Center) code and title
Fund	Enter the 3-digit fund code which begins the fund family and the fund name from the 2005 Appropriation Act or a descriptive fund title.
Fund Balance	<p>FY07 reflects the projected beginning fund balance submitted during preparation of the fiscal year's Annual Operations Plan. This figure will be adjusted after July 1st to reflect the actual beginning fund balance for FY07.</p> <p>FY08 and FY09 Fund Balances will be calculated at a later date, based on the actual FY07 beginning fund balance.</p>
Receipts	<p>FY07 reflects the estimated receipts projected by the agency during the preparation of the fiscal year Annual Operations Plan.</p> <p>FY08 and FY09 should be completed for projected receipts collected during each of these fiscal years.</p>

Agencies requesting a fee increase must submit Two Certification of Income Forms: one reflecting receipts based on current fees and one reflecting receipts based on the new requested fees.

The Total Requested for Base Level and all Change Levels must be supported by anticipated funding

CERTIFICATION OF INCOME FOR DEVELOPMENT OF THE 2007-2009 BIENNIAL REQUEST

Business Area 0634 DFA Office of Child Support Enforcement

Funds Center 120 - Child Support Enforcement Operations

Funding Sources	Fund Title or Description	FY2007 Amount	FY2008 Amount	FY2009 Amount
Fund Balance	Estimated	1,319,684	600,000	600,000
General Revenue	Allotment	13,014,933	13,014,933	13,014,933
Federal Revenue	Title IV-D	37,000,000	39,000,000	40,000,000
Special Revenue				
Revolving Funds				
Cash Funds				
Other	Child Support Fees, Retained Earnings, etc.	8,000,000	9,000,000	9,000,000
Other				
Other				
Other				
Other				
TOTAL ESTIMATED FUNDING		\$ 59,334,617	\$ 61,614,933	\$ 62,614,933

AGENCY DIRECTOR

DATE

Biennial Budget Change Level Request

Non-Personnel Cost Elements

2007 - 2009

Business Area 0232 - State Board of Election Commissioners Change Level C01

Cost Center 184201 Funds Center 580 Fund HUA0900

Commitment Item	Cost Element	Title	Amount Requested	
			FY07-08	FY08-09
502:00:02	5020001000	Postage	3,000	2,500
502:00:02	5030001000	Printing	25,000	15,000
502:00:02	5090007000	Educational Supplies & Materials	5,000	3,500
502:00:02	5080022000	Other Expenses & Services	2,000	2,000
TOTAL			35,000	23,000

Justification for Request:

An increase in Operating Expenses is requested due to the added responsibility placed upon the agency to train county election commissioners, poll workers and certify trainers to go back to their individual counties to train local poll workers.